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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 21, 2009

Certified Return Receipt
7003 2260 0002 0247 8904

Russell C. Feller
A&R Leasing LLC
688 East Chad Ranch Road
Veyo, Utah 84782-4141

Subject: Deficient Reclamation Surety, A&R Leasing, Glacial Green 1 Quarry, S/003/044, Box Elder, Utah

Dear Mr. Feller:

The Division of Oil, Gas and Mining has reviewed the reclamation surety for the Glacial Green 1 quarry. This surety was due for review on February 2, 2005. Your current reclamation surety is \$7370.00 which the BLM is holding as a letter of credit. The Division has recalculated the surety based on your permitted area of five acres to be:

\$24,600 escalated for 3 years (surety amount next reviewed in 2012) OR
\$25,200 escalated for 5 years (surety amount next reviewed in 2014)

The Division uses standard per-acre costs to determine surety amounts for small mines. The figures used are shown in the following table:

Project Size (Acres)	Surety 3 & 5 year escalation	Comments
1 or less acres	\$7,400 (3-year escalation) \$7,600 (5-year escalation)	Minimum amount required
Additional acres up to 5 acres	\$4,300/ acre (3-year escalation) \$4,400/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5-acres	(i.e. Maximum of 5 acres = \$7,400 +\$17,200 = \$24,600) (3-year escalation) (i.e. Maximum of 5 acres = \$7,600 +\$17,600 = \$25,200) (5-year escalation)	\$600.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.

Based on the information in the NOI, the Division has determined that you must post additional surety in the amount of:



\$17,230 for 3-year escalation OR
\$17,830 for 5-year escalation

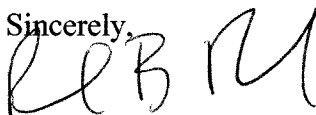
We realize this is a substantial increase in the surety amount, and the amount required can be reduced.

1. Amend the Notice of Intention. The Notice of Intention to Commence Small Mining Operations (NOI) currently says the disturbance will be less than five acres, so the Division needs to bond for five acres of disturbance. The required surety could be reduced if the actual disturbed area is less than five acres AND you amend the NOI to reflect the acres of disturbance. In 2006, a Division inspector used a GPS unit to map the area, and the disturbed area was determined to be 1.61 acres. Based on this acreage figure, the required surety amount would be \$11,700.00 for a three-year escalation which is an increase of \$7500.00 from the bond the BLM currently holds.
2. Reclaim a portion of the site and amend the NOI. The amount of surety required could also be reduced if you were to reclaim a portion of the site and amend the NOI to reflect this reduced acreage.

If you decide to amend the NOI or to reclaim a portion of the site, please notify the Division and submit the amendment and/or perform the reclamation no later than January 15, 2010. (Adverse weather conditions may allow an extension of this deadline.) If you choose not to amend the NOI we will expect the above stated amount to be filed with the Division no later than January 31, 2010.

Please contact surety coordinator, Penny Berry, 801-538-5291, for instructions on how to submit this increased surety. The surety can be submitted to the Division, or you can increase the surety being held by the BLM. Ms Berry can be reached at 801-538-5291 or by e mail at bondcoordinator@utah.gov. If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Lynn Kunzler at 801-538-5310.

Sincerely,



Paul Baker
Mining Coordinator
Minerals Regulatory Program

PBB:jr:pb

cc: stephen_allen@blm.gov

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